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Susan
Giaccalone

Statement
Insurance Association of Connecticut

Insurance and Real Estate Committee

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SB 257, An Act Concerning Medical Payments Coverage
For Automobile Insurance Policies

The Insurance Association of Connecticut (IAC) is opposed to SB 257, An Act Concerning Medical Payments Coverage For Automobile Insurance Policies. SB 257 seeks to mandate that every Connecticut driver maintain five thousand dollars of medical payments insurance coverage for hospital emergency room services.

Only four other states mandate medical payments coverage and two of those states provide an opt-out provision. No state has a mandate at a level of coverage as high as that contemplated in SB 257 or restricts the type of services covered.

Mandating the purchase of an optional coverage only harms those that can least afford it. Approximately 20% of the Connecticut insured driving population has exercised their option to purchase medical payments coverage. Medical payments coverage is typically not recommended for those with good health insurance coverage. The cost of the product varies with the risk presented. A substandard policy with multiple vehicles may experience a dramatic increase in premium for a product they may not need nor want. Mandating additional costs to those who can least afford it may cause the unintended consequence of increasing the number of uninsured motorists in Connecticut.

The medical payment coverage mandated by SB 257 does not exist in the market today. SB 257 requires that such a policy pay only a specified provider and on a yearly basis. The

medical payments insurance that is currently available is an optional coverage that pays any health care provider, as long as the limits have not been exhausted and the treatment is deemed warranted, on a per occurrence basis. Creating and administering a new coverage will be a cumbersome requirement for insureds and insurers alike. An insured may not know which providers are covered and which are not. Insurers would have to ensure only those providers specified in the act are reimbursed under this type of policy, while still administering other policies.

Additionally SB 257's mandate limiting coverage for hospital emergency room services is vague and impractical. What is meant by "hospital emergency room services"? Does that include the doctors or just the hospital services? What if tests or further care is ordered by a hospital emergency room, would that be considered part of the emergency room service and thus be covered? Is SB 257's mandate limited to initial treatment only? SB 257's coverage does not include services rendered by ambulance personnel or other treating physicians. The product mandated by SB 257 is a far inferior product than that which is currently on the market and an insured that has chosen to maintain the current optional coverage will be forced to purchase the inferior product.

Finally, SB 257's provision subordinating medical payments coverage to any applicable health insurance is contrary to federal law. ERISA provisions automatically make any health coverage secondary to any other applicable policy. As such, this provision along with the rest of SB 257 is ineffectual.

The IAC is strongly opposed to SB 257, An Act Concerning Medical Payments Coverage For Automobile Insurance Policies, and respectfully requests your rejection of this proposal.